

In September 2014, lawmakers passed in first reading a bill to legalize gambling, which would grant a single 50-year license for the operation of a casino in exchange for an annual fee of \$16 million.

The 2010 Compact of Free Association, which would increase financial assistance by the United States to Palau, remained under consideration by the U.S. Congress in 2014. The current compact runs through 2044.

In February 2014, the government declared all of Palau's territorial waters a marine sanctuary and imposed a total ban on industrial-scale fishery, emphasizing tourism as an alternative for increasing jobs and revenue. By mid-year, the number of tourist arrivals to the country had increased by approximately 50 percent compared to the same period in 2013.

Political Rights and Civil Liberties:

Political Rights: 37 / 40 [Key]

A. Electoral Process: 12 / 12

Palau's bicameral National Congress or Olbiil Era Kelulau consists of the 9-member Senate and the 16-member House of Delegates. Legislators are elected to four-year terms by popular vote, as are the president and vice president. The president may serve only two consecutive terms. In 2012, Tommy Remengesau—who was president from 2001 to 2009—defeated incumbent Johnson Toribiong with 58 percent of the vote. In concurrent parliamentary elections, all candidates ran as independents.

Palau is organized into 16 states. Each is headed by a governor and has a seat in the House of Delegates. Each state can also hold its own constitutional convention and elect a legislature and head of state.

B. Political Pluralism and Participation: 15 / 16

There are no political parties, though no laws prevent their formation. The current system of loose political alliances that can quickly form and dismantle has had a destabilizing effect on governance.

A Compact of Free Association with the United States provides economic assistance in exchange for U.S. military access to the archipelago. In addition, citizens enjoy visa-free travel to the United States and can reside, study, and work there, as well as access U.S. federal programs. The compact runs through 2044.

C. Functioning of Government: 10 / 12

Government corruption and abuse are problems, with several high-ranking public officials facing charges in recent years. Anti-money laundering measures exist, but the attorney general lacks resources to

implement them. In 2013, the House of Delegates adopted a resolution asking the president to review all executive branch positions in order to avoid redundancy. The Senate has yet to give its approval for the resolution to take effect.

Civil Liberties: 55 / 60

D. Freedom of Expression and Belief: 16 / 16

Freedoms of speech and the press are respected. There are several print publications, privately owned radio stations, and one privately owned television station. Internet access is limited by lack of connectivity outside the main islands and high costs. The World Bank has pledged to provide funding for a system of submarine cables to expand broadband access.

In May 2014, legislators introduced the Protection of Minors Bill, which would prohibit the sale and rental of sexually explicit and violent video games and films to minors.

Freedom of religion is respected. Although religious organizations are required to register with the government, applications have never been denied. There have been no reports of restrictions on academic freedom, and the government provides well-funded basic education for all. The law requires Palauan language instruction in all primary and secondary schools that are chartered in Palau or receive public funds.

E. Associational and Organizational Rights: 11 / 12

Freedoms of assembly and association are respected. Nongovernmental groups represent youth, health, and women's issues. Workers can freely organize unions and bargain collectively, but union membership and activity are low, as the economy is largely based on subsistence agriculture.

F. Rule of Law: 15 / 16

The judiciary is independent, and trials are generally fair. A small police and first-response force maintains internal order. Palau has no military. There have been no reports of prisoner abuse, though overcrowding is a problem. The government announced that it would build a new prison outside of the capital after an escaped prisoner entered a hotel in 2013, robbing and injuring a tourist.

In April 2014, an interim special prosecutor for the investigation of white-collar crimes received approval from the National Congress. The post had been vacant since the resignation of the previous special prosecutor in 2010.

In August 2014, the Supreme Court ruled that the state of emergency declared in 2011 by Toribiong, the president at the time, had been unconstitutional. Toribiong's declaration had followed a fire at the Aimeliik Power Plant.

The six Chinese Uighurs who were settled in Palau in 2009 after being released from the U.S. detention center in Guantanamo Bay, Cuba, remained in the country in 2014. Funds granted by the United States for

their housing expired in 2013, but no steps were taken in 2014 to reach a solution. The Remengesau government had requested that the Uighurs be resettled elsewhere. Despite the men's release from Guantanamo Bay, Chinese authorities maintain that they are terrorists and have demanded that they be repatriated.

In 2011, Palau pledged to combat discrimination against LGBT (lesbian, gay, bisexual, and transgender) people. However, same-sex sexual activity remains illegal.

G. Personal Autonomy and Individual Rights: 13 / 16

Palauans enjoy the freedom of movement and the right to choose their own places of residence, employment, and institution of higher learning. There are no restrictions on property ownership or the establishment of private businesses, although challenges borne of bureaucratic processes and official corruption lead to frequent complaints.

Women are highly regarded in this matrilineal society; land rights and familial descent are traced through women. Women are active in the economy and politics. The incidence of domestic violence and child abuse cases is low. Sexual harassment and rape, including spousal rape, are illegal.

Foreign workers account for a majority of the workforce. There have been reports of discrimination against and abuse of migrant workers, who cannot legally change employers after arriving in Palau. In 2009, the government set a limit to the total number of foreign workers that can reside in the country at any time.

Palau is in Tier 2 of the U.S. State Department's 2014 *Trafficking in Persons Report* for its efforts to comply with minimum standards to prevent and prosecute trafficking and assist victims set in the U.S. Trafficking Victims Protection Act. Palau is not a party to the Protocol to Prevent, Suppress and Punish Trafficking in Persons. In January 2014, Peleliu state governor Temmy Shmull and three others were charged with human trafficking and profiting from prostitution, among other crimes.

Scoring Key: X / Y (Z)

X = Score Received

Y = Best Possible Score

Z = Change from Previous Year

[Full Methodology](#)